

RECORDATION NO. 8763 Filed & Recorded

MAR 28 1977 -2 30 PM

Interstate Commerce Commission
Washington, D.C.

INTERSTATE COMMERCE COMMISSION

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and three counterparts of an Equipment Lease dated as of February 1, 1977.

A general description of the railroad rolling stock covered by the enclosed document is set forth in Schedules A, B and C attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessor: Harold K. Criswell,
Albert C. Welti and
Robert F. Whitworth, Jr., as Trustees
under G.T.W. Trust No. 77-1

Lessee: Grand Trunk Western Railroad Company

The undersigned is the Lessee mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and one counterpart of the Equipment Lease to the person presenting the documents for recording.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

GRAND TRUNK WESTERN RAILROAD CO.

By

R. J. [Signature]
Its Treasurer

Enclosures

ENCLOSURE PARTS: 2-1
[Signature]

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

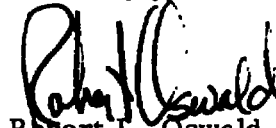
March 28, 1977

**R. T. Cutchin
Grand Trunk Western Railroad Co.
River Rouge, MI**

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 3-28-77 at 2:50 PM , and assigned recordation number(s) 8763.

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SCHEDULE A
(to Equipment Lease)

MANUFACTURER:

Whitehead and Kales Company

PLANT OF MANUFACTURER:

River Rouge, Michigan

DESCRIPTION OF EQUIPMENT:

The 40 Tri-level Auto Racks shall bear Rack Numbers GTW 310000 through GTW 310039, both inclusive.

SPECIFICATIONS:

Fully enclosed tri-level auto racks, Model LH-21, equipped with Whitehead and Kales radial end doors, 60 rachets, 60 idler assemblies and 60 chain assemblies per car.

BASE PRICE:

\$28,344

MAXIMUM PURCHASE PRICE:

\$30,450 per Item (\$1,218,000 for 40 Items)

DELIVER TO:

Grand Trunk Western Railroad Company

PLACE OF DELIVERY:

River Rouge, Michigan

ESTIMATED DELIVERY DATE:

May, 1977

OUTSIDE DELIVERY DATE:

June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank and Trust Company of Chicago

SCHEDULE B
(to Equipment Lease)

MANUFACTURER: ACF Industries, Incorporated

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 50 60-ft. Box Cars bearing Road Numbers GTW 375550 to GTW 375599, both inclusive.

SPECIFICATIONS: 60'9" 100-ton cushioned under-frame DF-1 interior equipment 16' double sliding door (as more specifically described in ACF No. 11-06643 dated February 4, 1977).

BASE PRICE: \$36,631

MAXIMUM PURCHASE PRICE: \$38,325 per Item (\$1,916,250 for 50 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

SCHEDULE C
(to Equipment Lease)___

MANUFACTURER: ACF Industries, Inc.

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 40 89'4" Flat Cars bearing Road Numbers GTW 310000 to GTW 310039, both inclusive.

SPECIFICATIONS: 89'4" 70-ton low-deck flat cars, equipped with 10-inch end-of-car cushioning (as more specifically described in ACF No. 11-04160 dated February 11, 1977).

BASE PRICE: \$30,900

MAXIMUM PURCHASE PRICE: \$32,550 per Item (\$1,302,000 for 40 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

EQUIPMENT LEASE

Dated as of February 1, 1977

Among

HAROLD K. CRISWELL, ALBERT C. WELTI
and ROBERT F. WHITWORTH, JR.,
as Trustees under G.T.W. Trust No. 77-1
as Lessor

and

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee

8763

RECORDATION NO. Filed & Recorded

MAR 28 1977 -2 30 PM

INTELLIGENCE COMMERCIAL COMMISSION

This Lease, the Rents and certain other sums due and to become due hereunder have been assigned to, and are subject to a security interest in favor of, Continental Illinois National Bank and Trust Company of Chicago, as agent and assignee, pursuant to the Conditional Sale Agreement dated as of February 1, 1977 among Harold K. Criswell, Albert C. Welty and Robert F. Whitworth, Jr., as Trustees under G.T.W. Trust No. 77-1, ACF Industries, Incorporated and Whitehead and Kales Company and the related Agreement and Assignment. Information concerning such security interest may be obtained from Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60690, Attention: Corporate Trust Division.

(G.T.W. Trust No. 77-1)
(50 Box Cars; 40 Flat Cars; 40 Auto Racks)

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties.....		1
1.	Delivery and Acceptance of Equipment; Purchase of Excluded Equipment.....	1
1.1.	Delivery and Acceptance of Equipment.....	1
1.2.	Purchase of Excluded Equipment.....	2
2.	Rentals and Payment Dates.....	2
2.1.	Rentals for Equipment.....	2
2.2.	Rental Payment Dates.....	4
2.3.	Place of Rent Payment.....	4
2.4.	Net Lease.....	4
2.5.	Rental Adjustment.....	5
3.	Term of the Lease.....	7
4.	Title to the Equipment.....	7
4.1.	Retention of Title.....	7
4.2.	Duty to Mark Equipment.....	7
4.3.	Prohibition Against Certain Designations...	8
5.	Disclaimer of Warranties.....	8
6.	Lessee's Indemnity.....	9
6.1.	Scope of Indemnity.....	9
6.2.	Continuation of Indemnities and Assumptions.....	10
7.	Rules, Laws and Regulations.....	10
8.	Use and Maintenance of Equipment.....	10
9.	Liens on the Equipment.....	11
10.	Filing, Payment of Fees and Taxes.....	11
10.1.	Filing.....	11
10.2.	Payment of Taxes.....	12
11.	Insurance; Payment for Casualty Occurrence.....	13
11.1.	Insurance.....	13
11.2.	Notification by Lessee of Casualty Occurrence.....	14

<u>Section</u>	<u>Heading</u>	<u>Page</u>
	11.3. Payment for Casualty Occurrence.....	15
	11.4. Rent Termination.....	15
	11.5. Disposition of Equipment.....	15
	11.6. Casualty Value.....	15
	11.7. Risk of Loss.....	15
	11.8. Requisition or Taking.....	16
	11.9. Recovery of and Prosecution of Claims.....	16
12.	Reports.....	16
	12.1. Duty of Lessee to Furnish Annual Reports...	16
	12.2. Lessor's Inspection Rights.....	17
	12.3. Financial Reports.....	17
	12.4. Other Reports.....	17
13.	Return of Equipment upon Expiration of Term.....	17
14.	Default.....	18
	14.1. Events of Default.....	18
	14.2. Remedies.....	19
	14.3. Cumulative Remedies.....	21
	14.4. Lessor's Failure to Exercise Rights.....	21
15.	Return of Equipment upon Default.....	21
	15.1. Lessee's Duty to Return.....	21
	15.2. Specific Performance.....	22
	15.3. Lessor Appointed Lessee's Agent.....	22
16.	Assignments by Lessor.....	22
17.	Assignments by Lessee; Use and Possession.....	23
	17.1. Lessee's Rights to the Equipment.....	23
	17.2. Use and Possession on Lines Other Than Lessee's Own.....	23
	17.3. Merger, Consolidation or Acquisition of Lessee.....	24
18.	Law Governing.....	24
19.	Interest on Overdue Rentals and Amounts Paid by Lessor.....	24
20.	Right of First Refusal; Renewal Options.....	24

<u>Section</u>	<u>Heading</u>	<u>Page</u>
	20.1. Right of First Refusal.....	24
	20.2. Renewal Options.....	25
	20.3. Delivery of Equipment.....	26
21.	Miscellaneous.....	26
	21.1. Notices.....	26
	21.2. Execution in Counterparts.....	27
	21.3. Covenants, Representations and Warranties of Lessee.....	27
	21.4. Third Party Beneficiaries.....	28
	21.5. Severability.....	28
	21.6. Effect and Modification of Lease.....	29
	21.7. Limitations of Liability.....	29

Attachments to Equipment Lease

- Schedule A - Description of Equipment (Auto Racks)
- Schedule B - Description of Equipment (Box Cars)
- Schedule C - Description of Equipment (Flat Cars)
- Schedule D - Certificate of Acceptance
- Schedule E - Schedule of Casualty Value (Series A)
- Schedule F - Schedule of Casualty Value (Series B)

THIS EQUIPMENT LEASE dated as of February 1, 1977 (the or this "Lease") among HAROLD K. CRISWELL, ALBERT C. WELTI and ROBERT F. WHITWORTH, JR., as trustees (the "Lessor") under a Trust Agreement (the "Trust Agreement") with CARGILL LEASING CORPORATION, a Delaware corporation (the "Trustor"), dated as of February 1, 1977 relating to G.T.W. Trust No. 77-1, and GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan corporation (the "Lessee");

W I T N E S S E T H:

A. The Lessor has entered into a Conditional Sale Agreement dated as of the date hereof (the "Conditional Sale Agreement") with ACF INDUSTRIES, INCORPORATED and WHITEHEAD AND KALES COMPANY (collectively the "Manufacturers", and individually a "Manufacturer") providing for the manufacture, sale and delivery to the Lessor of the railroad equipment (collectively the "Equipment", and individually an "Item" or "Item of Equipment") described in Schedules A, B and C attached hereto and made a part hereof. The Items of Equipment described in Schedule A is hereinafter sometimes referred to as the "Series A Equipment" and the Items of Equipment described in Schedules B and C are hereinafter sometimes referred to as the "Series B Equipment";

B. By instrument of Agreement and Assignment dated as of the date hereof (the "Assignment"), the Manufacturers have assigned their right, security title and interest under the Conditional Sale Agreement to Continental Illinois National Bank and Trust Company of Chicago, as assignee (the "Assignee");

C. The Lessee desires to lease all of the Items of Equipment or such lesser number as are delivered, accepted and settled for under the Conditional Sale Agreement on or prior to the outside delivery dates set forth in said Schedules A, B and C, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT; PURCHASE OF EXCLUDED EQUIPMENT.

1.1. Delivery and Acceptance of Equipment. The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place or places at which such Item of Equipment is to be delivered to the Lessor under the Conditional Sale Agreement; provided that the Lessee will confer with the Manufacturers

regarding the anticipated dates of delivery for the Items of Equipment and the Lessee will give the Lessor, the Trustor and the Assignee not less than six business days' prior written notice of the date on which the first Item of Equipment will be delivered and accepted by the Lessee hereunder (said delivery date being hereinafter called the "First Delivery Date"). Lessee hereby agrees to provide all opinions, certificates and other documents required on its part by this Lease, the Conditional Sale Agreement, the Assignment and the Finance Agreement dated as of February 1, 1977 (the "Finance Agreement") among the Lessee, the Assignee and the parties named in Schedule 1 thereto on or prior to the First Delivery Date. Upon such tender of each Item of Equipment by the Manufacturer thereof, the Lessee will cause an authorized representative of the Lessee to inspect the same and, if such Item of Equipment is found to conform to the specifications therefor, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and to the Manufacturer thereof a certificate of acceptance (hereinafter called "Certificate of Acceptance") substantially in the form attached hereto as Schedule D, whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

1.2. Purchase of Excluded Equipment. In the event of the exclusion of any Item or Items of Equipment from the Conditional Sale Agreement pursuant to Section 2.3 or 3.1 thereof, the Lessee agrees with the Lessor, and also with and for the benefit of the Manufacturers who are hereby designated third party beneficiaries to the undertakings of the Lessee set forth in this Section 1.2, that the Lessor shall have no further obligation whatsoever to the Lessee with respect to such excluded Equipment and that the Lessee will be obligated to purchase from the Manufacturer of, accept delivery of and pay for, any Item or Items of Equipment so excluded from the Conditional Sale Agreement, and such Manufacturer and the Lessee shall execute a separate agreement providing for the sale of such excluded Item or Items of Equipment by such Manufacturer to the Lessee upon the same terms and conditions as those contained in the Conditional Sale Agreement, modified only to the extent necessary to provide for payment in cash upon delivery of such excluded Item or Items of Equipment, either directly or indirectly by means of a conditional sale agreement, equipment trust or other appropriate method of financing as the Lessee may determine and as may be reasonably satisfactory to such Manufacturer.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor the following Rent for the Items of Equipment leased hereunder:

(a) Interim Rental. As interim rental (the "Interim Rental") for all Items of Equipment leased hereunder for the period from and including the date of acceptance of each Item of Equipment pursuant to Section 1.1 hereof to but not including July 15, 1977, the sum of:

(i) an amount equal to the difference between (A) .0236% per day of the sum of the amounts deposited with the Assignee pursuant to Section 3 of the Finance Agreement dated as of February 1, 1977 (the "Finance Agreement") among the Lessee, the Trustor, the Assignee and the institutional investors therein named (the "Investors") for the period from and including the date of any such deposit (and whether or not any such amounts shall be disbursed thereafter) to but not including the Cut-Off Date (as defined in the Finance Agreement) and (B) the aggregate amounts remitted to the Trustor pursuant to Section 4(a) of the Finance Agreement, plus

(ii) an amount equal to .0148% per day of the Purchase Price (as defined in the Conditional Sale Agreement) for all Items of Equipment then leased hereunder for the period from and including the Cut-Off Date to but not including July 15, 1977.

(b) Fixed Rental. Fixed Rental in installments as follows:

(i) For each Item of Series A Equipment (A) twelve (12) consecutive semiannual installments of fixed rental, each in an amount equal to 4.577106% of the Purchase Price of such Item, followed by (B) twelve (12) consecutive semiannual installments of fixed rental, each in an amount equal to 5.594241% of the Purchase Price of such Item, and

(ii) For each Item of Series B Equipment (A) twenty-four (24) consecutive semiannual installments of fixed rental, each in an amount equal to 3.117360% of the Purchase Price of such Item, followed by (B) twenty-two (22) consecutive semiannual installments of fixed rental, each in an amount equal to 3.810107% of the Purchase Price of such Item, followed by (C) one (1) semiannual installment of fixed rental, in an amount equal to 3.429096% of the Purchase Price of such Item, followed by (D) one (1) semiannual installment of fixed rental in an amount equal to 4.191118% of the Purchase Price of such Item.

All amounts due and payable pursuant to this Section 2.1(b) are hereinafter sometimes referred to as "Fixed Rental".

(c) Adjustment of Fixed Rental. In the event that there are any losses, liabilities or expenses arising out of or resulting from the Investments made pursuant to Section 4 of the Finance Agreement, including, but not limited to, any deficiency in respect thereof, the Lessee agrees that the Fixed Rental payable hereunder shall be increased by an amount which, after deduction of all taxes required to be paid by the Trust and/or the Trustor thereon shall be sufficient to cause the Trustor's after-tax economic and accounting yields and cash flows to equal the after-tax economic and accounting yields and cash flows (computed on the same assumptions as utilized by the Trustor in originally evaluating this transaction) that would have been realized by the Trustor if the Trustor had not been required to pay such losses, liabilities or expenses, including, but not limited to, any such deficiency.

2.2. Rental Payment Dates. The total amount of Interim Rental provided for in Section 2.1(a) above shall be due and payable on July 15, 1977 (the "Interim Rental Payment Date"). The installments of Fixed Rental provided for in Section 2.1(b) above shall be due and payable semiannually commencing January 15, 1978 and on each July 15 and January 15 thereafter to and including July 15, 1989 in the case of Series A Equipment, and July 15, 2001 in the case of Series B Equipment. If any Fixed Rental Payment Date is not a business day (as defined in Section 3.6 of the Conditional Sale Agreement), the Fixed Rental otherwise payable on such date shall be payable on the next preceding business day.

2.3. Place of Rent Payment. Except for payments covered by Section 24.6 of the Conditional Sale Agreement, all payments provided for in this Lease to be made to the Lessor shall be made not later than 10:00 A.M. Chicago time on the business day the same is payable hereunder to the Assignee by wire transfer of immediately available funds to the Assignee at its principal office in Chicago, Illinois, Attention: Corporate Trust Department, or at such other place as the Lessor or its assigns shall specify in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including but not limited to, abatements, reductions

or setoffs due to any present or future claims of the Lessee against the Lessor or the Trustor under this Lease or otherwise or against the Manufacturers or against the Assignee; nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or the Assignee for any reason whatsoever, except to the extent that the Lessee has overpaid any installment of Interim or Fixed Rental provided to be paid pursuant to Section 2.1 hereof.

2.5. Rental Adjustment. (a) Late Deliveries. The amounts payable as Interim Rental and Fixed Rental as above provided and the amounts payable as Casualty Value as set forth in Schedules E and F hereto have been determined on the assumption that all Items of Equipment shall have been delivered and accepted by the Lessee on or before May 31, 1977. In the event that any Item of Equipment is not so delivered and accepted on or before May 31, 1977, in lieu of the Interim Rental and Fixed Rental payable pursuant to Section 2.1 hereof, the Lessee agrees that the installments of Interim Rental and Fixed Rental payable hereunder for the Equipment shall be increased by an amount which shall be sufficient to cause the Trustor's after-tax economic and accounting yields and cash flows to equal the after-tax economic and accounting yields and cash flows (computed on the

same assumptions as utilized by the Trustor in originally evaluating this transaction) that would have been realized by the Trustor if all Items of Equipment had been delivered on or before May 31, 1977, and the Casualty Values shall similarly be adjusted in amounts reasonably determined by the Trustor.

(b) Payment of Purchase Price. The Lessee, the Lessor and the Trustor each contemplate that on each Closing Date (as defined in the Conditional Sale Agreement) the Lessor will pay to the Manufacturer then to be paid from funds advanced to the Lessor by the Trustor, as a down payment with respect to the purchase of the Items of Equipment to be settled for on such date under the Conditional Sale Agreement, an amount equal to 37.130632% of the Purchase Price thereof. It is further contemplated that the Investors will deposit on two dates designated in the Finance Agreement (the "Deposit Dates") funds sufficient to enable the Assignee to pay to such Manufacturer the balance of such Purchase Price on such Closing Date. The amounts payable as Interim Rental and Fixed Rental as above provided and the amounts payable as Casualty Value as set forth in Schedule C hereto have been determined on the assumption that the above stated contemplated arrangement for payment of the Purchase Price for such Items will be consummated on such Closing Date. If for any reason whatsoever any of said Investors fails on any Deposit Date to make its funds available to the Assignee as contemplated by the Finance Agreement and accordingly the Assignee has insufficient funds for payment of the Purchase Price on a Closing Date, the Lessor will advance such amount on such Closing Date as is then necessary to complete payment of the Purchase Price. In such event, in lieu of the Interim Rental and Fixed Rental payable pursuant to Section 2.1 hereof, the Lessee agrees that the installments of Interim Rental and Fixed Rental payable hereunder for the Equipment shall be increased by an amount which shall be sufficient to cause the Trustor's after-tax economic and accounting yields and cash flows to equal the after-tax economic and accounting yields and cash flows (computed on the same assumptions as utilized by the Trustor in originally evaluating this transaction) that would have been realized by the Trustor if the Lessor had not advanced the Assignee's portion of the Purchase Price and the Casualty Values shall similarly be adjusted in amounts reasonably determined by the Trustor.

SECTION 3. TERM OF THE LEASE.

The interim term of this Lease (the "Interim Term") as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and shall terminate upon the commencement of the primary term as to such Item. The primary term of this Lease (the "Primary Term") as to each Item of Equipment shall begin on July 15, 1977 and, subject to the provisions of Sections 2, 11, 14 and 20 hereof, shall terminate with respect to the Series A Equipment twelve (12) years following the commencement of the Primary Term, and with respect to the Series B Equipment twenty-four (24) years following the commencement of the Primary Term.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Retention of Title. The Lessor is acquiring legal title to the Equipment as Vendee under the Conditional Sale Agreement (but only upon compliance with all the terms and conditions thereof) and it is understood that the Lessee shall acquire no right, title and interest to the Equipment except hereunder as Lessee notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. Duty to Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road numbers as set forth in Schedules A, B and C hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height reading as follows:

"Leased from Trustees under G.T.W. Trust No. 77-1,
Vendee, and subject to a Security Interest Held by
Continental Illinois National Bank and Trust Company
of Chicago"

with appropriate changes thereof and additions thereto as may be reasonably required by the lessor and as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the

rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any identification which may be removed, defaced or destroyed. The Lessee will not change the rack number or road number, as the case may be, of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new rack numbers or road numbers, as the case may be, to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited (or a financing statement or other notice in respect thereof shall have been filed, recorded or deposited) in all public offices where this Lease (or a financing statement or other notice in respect thereof) shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE TRUSTOR, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturers, provided, however, that if at any time an Event of Default shall have occurred and be continuing,

the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, the Trustor and the Assignee and their successors, agents and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, loss, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including without limitation, the construction, purchase, delivery, acceptance, rejection, installation, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements, or (iv) as a result of claims for negligence or strict liability in tort. The Lessee shall not, however, be required to pay or discharge any claim or demand referred to in this Section 6.1 to the extent the same results from the negligence of the party otherwise to be indemnified hereunder in the case of any claim or demand arising from the exercise of the right to examine and inspect the Items of Equipment pursuant to Section 6.5(f) of the Trust Agreement or Section 12.2 hereof.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee a residual value in the Equipment nor do they guarantee the payment of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) or any interest accrued thereon.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring before the return of the Equipment to the possession of the Lessor as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all laws, regulations, requirements and rules (including the rules of the United States Department of Transportation and the interchange rules of the Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case such Item of Equipment or appliance is required to be altered, or any equipment or appliance is required to be added to, installed on or replaced in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions and replacements at the Lessee's cost and expense and title to any such alteration, addition or replacement shall be immediately vested in the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment (including any parts installed thereon or replacements made thereon) in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. Any part installed or replacement made by the Lessee upon any Item of Equipment shall be considered an accession to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor, except that title to any such part or replacement made by the Lessee (other than pursuant to its maintenance obligation set forth above or its obligation set forth in Section 7 hereof) which is readily removable without causing material damage to such Item of Equipment shall be vested in the Lessee. Except as required pursuant to its maintenance obligation set forth above

or Section 7 hereof, the Lessee will not make any alterations, additions or replacements in respect of any Item of Equipment which is not readily removable without causing material damage to such Item.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith, with due diligence and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not, in the opinion of counsel for the Trustor and the Assignee, affect or endanger the title and interest of the Lessor to the Equipment or the security interest of the Assignee therein. The Lessee's obligations under this Section 9 shall survive termination of this Lease.

Without limiting the foregoing, the Lessee further agrees that it will keep each Item of Series A Equipment free and clear of any liens, charges, encumbrances or claims of the owner or owners of any interest in any units of railroad rolling stock to which any such Item of Series A Equipment is at any time attached or affixed and of any purchasers of or present or future creditors obtaining a lien on such unit or units of rolling stock, and the Lessee will permit an Item of Series A Equipment to be attached or affixed to a unit of rolling stock only in a manner so as to permit such Item to be readily removable from such unit of rolling stock without material damage to such Item or to such unit of rolling stock and without diminishing or impairing the value or utility such Item or the value or utility such unit of rolling stock would have had at such time had such Item not been so attached or affixed.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease, the Conditional Sale Agreement and the first assignment thereof (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) to be duly filed, recorded or deposited in such public offices within the United States and Canada as the Lessor or the Assignee may reasonably request for the protection of its title or the security interest of the Assignee to the satisfaction of the Lessor's or the Assignee's counsel and will furnish the Lessor and the Assignee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge,

deliver, file, register and record (and will refile, reregister, or rerecord whenever required) any and all further instruments (including, without limitation, financing and continuation statements or similar notices thereof) required by law or reasonably requested by the Lessor or the Assignee, for the purpose of protecting the Lessor's title to, or the Assignee's security interest in, the Equipment to the satisfaction of the Lessor's or the Assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Assignee proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. Without limiting the foregoing, the Lessee will take all such other action required by law or reasonably requested by the Lessor's or the Assignee's counsel and will deliver to the Lessor and the Assignee appropriate proof thereof. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. All payments to be made by the Lessee hereunder will be free of expenses to the Lessor and the Trustor for collection or other charges and will be free of expense to the Lessor and the Trustor with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax [and, to the extent that the Lessor receives credit therefor against its United States federal income tax liability, any foreign income tax] payable by the Lessor or the Trustor in consequence of the receipt of payments provided herein and other than the aggregate of all franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the Lessor and the Trustor have their respective principal places of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license, certification or registration fees and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer or title under the terms hereof or the Conditional Sale Agreement, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor or the Trustor solely by reason of the Lessor's ownership thereof and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the advance

opinion of counsel for the Lessor, adversely affect the title, property or rights of the Lessor hereunder or under the Conditional Sale Agreement. If any Impositions shall have been charged or levied against the Lessor or the Trustor directly and paid by the Lessor or the Trustor, the Lessee shall reimburse the Lessor or such Trustor on presentation an invoice therefor. Prior to making such payment, the Lessor or the Trustor shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Assignee in such Items of Equipment or notify the Lessor and the Assignee of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Assignee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee covenants and agrees that it will at all times while this Lease is in effect, at its own expense, cause to be carried and maintained for each Item from time to time subject to this Lease, property and public liability insurance in such amounts and against such risks and with such insurers as shall be satisfactory to the Assignee and the Trustor; provided that in the case of property insurance the Lessee will be permitted to self-insure to the extent it self-insures equipment similar in nature to the Equipment which it owns or leases, or to the extent it participates in the Canadian National Railway self-insurance fund such self insurance to be in an amount equal to the replacement value of each Item of Equipment (valued immediately prior to the date any such Item is the subject of a Casualty Occurrence), but in any event the Lessee shall maintain in effect such property insurance as is required by prudent industry practice in respect of equipment similar in nature to the Equipment. All such property insurance policies shall provide that Lessor and Lessee shall be assureds and that losses shall be adjusted with the Lessee and the Lessor and that the proceeds thereof shall be payable to the Lessor and the Lessee as their interests shall appear; provided that so long as any portion of the Conditional Sale Indebtedness or interest thereon shall remain unpaid, such policies shall provide that the losses, if any, shall be payable to the Assignee under a standard mortgage loss payable clause satisfactory to the Lessor and the Assignee. All proceeds of insurance received by the Lessor and the Assignee with respect to any Items of Equipment not suffering a Casualty Occurrence (as hereinafter defined) shall be paid to the Lessee upon proof satisfactory to the Lessor and the Assignee that any damage to any Item with respect to which such proceeds were paid has been fully repaired. Any such proceeds of insurance received by the Lessor and the Assignee with respect to a Casualty Occurrence shall be credited toward the payment required by this Section 11 with respect to such Casualty Occurrence.

The Lessee covenants and agrees that it will, at all times while this Lease is in effect, at its own expense, either self-insure, or cause to be carried and maintained public liability insurance in amounts and, against risks required by prudent industry practice in respect of equipment similar in nature to the Equipment, and in any event comparable to insurance maintained by the Lessee in respect of equipment similar in nature to the Equipment which it owns or leases.

All policies of insurance to be carried pursuant to this Section shall provide that the same shall not be cancelled or materially changed without at least 30 days' prior written notice to each insured named therein. No such policy shall provide that the coverage thereunder for the benefit of the Lessor, the Trustor or the Assignee shall be restricted, impaired or invalidated by any breach or violation by the Lessee of warranties, declarations or conditions contained in such policies and the Lessee shall, upon the request of the Lessor (but not more frequently than annually), furnish either a certificate of the insurer to such effect or a certificate of an officer of the Lessee or an opinion of counsel of the Lessee that no such policy contains such provisions. The Lessee covenants and agrees that it will throughout the term hereof furnish to the Lessor, the Trustor and the Assignee certificates of insurers or other satisfactory evidence of the maintenance of the insurance required by this Section.

The Lessee understands and agrees that its obligations to purchase and maintain insurance in accordance with the terms of this Section 11.1 shall in no event constitute a release of the Lessee in respect of any of its other obligations under this Lease, including without limitation Section 6 hereof.

11.2. Notification by Lessee of Casualty Occurrence.

In the event that during the term of this Lease, including any renewal term hereunder, any Item of Equipment shall be or become lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged or permanently rendered unfit for use from any cause whatsoever or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise during the term of this Lease, including any renewal terms hereunder (any such occurrence, except for any requisition which by its terms is for an indefinite period or is for a stated period which does not exceed the term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and the Assignee in regard thereto and shall pay the Casualty Value (as herein defined) of such Item in accordance with the terms hereof.

11.3. Payment for Casualty Loss. The Lessee, on the next succeeding Interim Rental or Fixed Rental payment date following its knowledge of a Casualty Occurrence with respect to any Item of Equipment, shall pay to the Lessor the rental installment due on such rental payment date for such Item of Equipment plus a sum equal to the Casualty Value of such Item of Equipment as of the next succeeding Interim Rental or Fixed Rental payment date following such Casualty Occurrence.

11.4. Rent Termination. Upon, and not until, payment of the Casualty Value in respect of any Item of Equipment due on the payment date provided in Section 11.3 hereof, together with the payment of any installments of Interim Rental or Fixed Rental payable on such date, the obligation to pay rent for such Item of Equipment accruing subsequent to the last preceding rental payment date shall terminate, but the Lessee shall continue to pay Interim Rental and Fixed Rental for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, promptly dispose of any Item of Equipment for which settlement has been made pursuant to Section 11.3 for the highest price reasonably obtainable. Any such disposition shall be on an "As-Is", "Where-Is" basis without representation or warranty express or implied. If the Casualty Value thereof has been paid to the Lessor, then as to each separate Item of Equipment so disposed of the Lessee shall be entitled to receive and retain all proceeds of the disposition (including in the case of a Casualty Occurrence, any insurance proceeds and damages received by the Lessee or the Lessor) up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. It is understood and agreed that the Lessor shall not be liable to the Lessee for any costs or expenses incurred by the Lessee in connection with the disposition of any Item of Equipment.

11.6. Casualty Value. The "Casualty Value" of each Item of Equipment shall be an amount determined as of the date the Casualty Value is payable as provided in Section 11.3 hereof (and not the date of the Casualty Occurrence) equal to the product of (i) the Purchase Price of such Item of Equipment times (ii) the percentage specified in the appropriate Schedule of Casualty Value attached hereto as Schedules E and F for such date.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the date hereof and continuing until the payment of the Casualty Value and the Interim Rental or Fixed Rental installments due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Requisition or Taking. In the event of any requisition or taking of any Item of Equipment by any governmental authority which does not constitute a Casualty Occurrence under the provisions of Section 11.2 hereof, the Lessee shall notify the Lessor of such event and the Lessee's duty to pay Interim Rental and Fixed Rental shall continue for the duration of such requisition or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking up to an amount equal to the Interim Rental and Fixed Rental paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property subject to the terms and provisions of the Trust Agreement. In the event of any requisition or taking constituting a Casualty Occurrence, provided no Event of Default as defined in Section 14.1 hereof has occurred and is continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable by the governmental authority as compensation for such requisition or taking up to the sum of (i) the out-of-pocket expenses (including legal costs and reasonable attorneys' fees) incurred by the Lessee in connection with such requisition or taking, and (ii) any Casualty Value paid by the Lessee to the Lessor in respect of any Item of Equipment which was requisitioned or taken and not theretofore reimbursed, and the balance, if any, shall be payable to and retained by the Lessor as its sole property subject to the terms and provisions of the Trust Agreement.

11.9. Recovery of and Prosecution of Claims. The Lessor hereby authorizes and empowers the Lessee as agent for the Lessor to negotiate, accept, reject, file and prosecute any claims, including what otherwise would be the Lessor's claim, for any award or compensation on account of any loss, damage, destruction, confiscation, requisition or taking of any Item of Equipment and to collect and retain the proceeds thereof to the extent permitted by this Section 11. So long as no Event of Default or event which with the passage of time or giving of notice, or both, could become an Event of Default has occurred and is continuing, the proceeds obtained by the Lessee for any loss or damage which is not a Casualty Occurrence shall be retained by the Lessee.

SECTION 12. REPORTS.

12.1. Duty of Lessee to Furnish Annual Reports. On or before April 30 in each year, commencing with the year 1978, the Lessee will furnish to the Lessor and the Assignee an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or state of repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and the Assignee each shall have the right, each at its sole cost and expense by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times and at such locations as shall be mutually agreed upon in order to confirm to the Lessor or, as the case may be, the Assignee, the existence and proper maintenance thereof during the continuance of this Lease.

12.3. Financial Reports. The Lessee will furnish to the Lessor and the Trustor the reports required to be furnished to the Assignee pursuant to Section 10 of the Finance Agreement at the same time such reports are furnished to the Assignee, and such other information as is reasonably requested by the Lessor or the Trustor.

12.4. Other Reports. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Equipment or the interest of the Assignee therein or the leasing thereof to the Lessee.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the Primary Term or any renewal term of this Lease with respect to any Item of Equipment then leased hereunder, the Lessee will, at its own cost and expense, at the request of the Lessor, remove any Item of Series A Equipment from any unit of railroad rolling stock to which such Item is attached, and will deliver possession of all Items of Series A Equipment to the Lessor at such reasonable storage place, and will deliver possession of all Items of Series B Equipment on such storage tracks, of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Items of Series A Equipment at such storage place, and permit the Lessor to store such Items of Series B Equipment on such tracks, for a period not exceeding 120 days from the respective dates on which possession thereof is delivered to the Lessor, and will transport each Item of Equipment one time within such 120-day period to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. Any parts installed on any Item of Equipment by the Lessee which remain the property of the Lessee under Section 8 above shall be removed by the Lessee at its expense without causing material damage to such Item prior to the return of such Item. All movement and storage of each such Item is to be at the risk and expense of the Lessee, and the maintenance and insurance requirements contained in Sections 8 and 11.1, respectively, shall continue to apply until delivery of such possession to Lessor, whether such delivery is made pursuant to this Section 13 or pursuant

to Section 15 hereof. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Item of Equipment returned to the Lessor pursuant to this Section 13 shall (i) be in the same order, condition and repair as when originally delivered to the Lessee, ordinary wear and tear excepted, and (ii) meet all then applicable standards of the Department of Transportation and/or the Interstate Commerce Commission and shall comply with any applicable rules of the Association of American Railroads and, in each case, any successor organization. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All rents and other amounts payable by the Lessee hereunder in respect of each Item of Equipment then subject to this Lease shall continue to be payable in all events until, pursuant to this Section, such Item of Equipment has been returned to the possession of the Lessor, and no Item shall be deemed to have been so returned until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed. In the event any Item of Equipment is not assembled, delivered and stored, as hereinabove provided, on the date the term of the Lease expires, the Lessee shall pay to the Lessor for the first fourteen days thereafter an amount equal to .0296% of the Purchase Price of such Item for each such day and for each day thereafter an amount equal to .0444% of the Purchase Price of such Item for each such day until such Item is so assembled, delivered and stored.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental or other sums to be paid hereunder and such default shall continue for ten days; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof; or

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained

herein or in the Finance Agreement and such default shall continue for 20 days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made by the Lessee herein or in any statement or certificate furnished pursuant to or in connection with this Lease, the Conditional Sale Agreement or the Finance Agreement proves untrue in any material respect as of the date of issuance or making thereof; or

(e) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee and (unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees within 30 days after such appointment or 60 days after such petition shall have been filed, whichever shall be earlier; or

(f) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and (unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any Item of Equipment may be located and take possession of such Item of Equipment and thence forth hold, possess and enjoy successors or assigns, to use the Equipment for any purpose whatever, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Market Rental Value of such Item for such period, such present worth to be based upon rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, in each case on the basis of 5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

For purposes of Section 14.2 above, Fair Market Rental Value of Items of Equipment shall be determined in accordance with the appraisal arrangements specified in Section 20.2(b) hereof with the appraisal expenses to be borne by the Lessee, provided that any rental in a commercially reasonable manner of an Item of Equipment prior to any such determination shall conclusively establish the Fair Market Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agrees to make the rent payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment or otherwise.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any other Event of Default.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or the Assignee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. Each Item of Equipment returned to the Lessor pursuant to this Section 15.1 shall (i) be in the same order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and (ii) meet all the applicable standards of the Department of Transportation and/or the Interstate Commerce Commission and shall comply with any applicable rules of the Association of American Railroads and, in each case, any successor organization. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith remove each Item of Series A Equipment from any unit of railroad rolling stock to which such Item may be attached, and place such Series A Equipment and all other such Equipment at such reasonable storage place on the lines of railroad of the Lessee as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment for a period not in excess of 270 days at such reasonable storage place on the lines of railroad of the Lessee without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(c) Transport each Item of Equipment one time to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct in writing to the Lessee, within thirty days of such request.

In the event any Item of Equipment is not assembled, delivered and stored, as hereinabove provided, on the date of such termination, the Lessee shall pay to the Lessor for the first fourteen days thereafter an amount equal to .0296% of the Purchase Price of such Item for each such day and for each day thereafter an amount equal to .0444% of the Purchase Price of such Item for each such day until such Item is so assembled, delivered and stored.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and other sums due and to become due hereunder have been assigned to the Assignee as and to the extent set forth in Section 24 of the Conditional Sale Agreement, and all such rent and other sums due and to become due hereunder shall be paid not later than 10:00 A.M. Chicago time on the business day on which the same shall become due by wire transfer of immediately available funds to the Assignee at the address described in Section 19 of the Conditional Sale Agreement, or at such other place as the Assignee shall specify in writing.

Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of any Item of Equipment or any part thereof, or any damage to or loss or destruction of any Item of Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and when arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

It is understood and agreed that the right, title and interest of the Assignee is, by the express terms of the Conditional Sale Agreement, subject to the rights and interests hereunder of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession on Lines Other Than Lessee's Own. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corporation has trackage or other operating rights or over which Equipment of the Lessee is regularly

operated pursuant to contract, and also to permit the use of Items of Equipment upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee will not assign any Item of Equipment to service (including, without limitation, the regular operation and maintenance thereof) outside the United States of America. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

SECTION 18. LAW GOVERNING.

This Lease shall be construed in accordance with the laws of Michigan; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals or other payments due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay an amount equal to two percentage points over the prime rate charged by Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, to its most creditworthy commercial customers on unsecured 90-day loans (in effect on the date such interest becomes payable) (or the lawful rate, whichever is less) on such overdue rentals or other payments and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS.

20.1. Right of First Refusal. Provided that the Lessee is not in default hereunder, the Lessor shall not, at any time after the end of the term of this Lease, sell, transfer or otherwise dispose of the Equipment unless:

(a) the Lessee shall then have failed to exercise its option to renew and extend this Lease as provided in Section 20.2 hereof;

(b) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer, or offers, satisfactory to Lessor in writing to purchase all or any portion of the Items of Equipment;

(c) the Lessor shall have given the Lessee notice (i) setting forth in detail the identity of such purchaser or purchasers, the proposed purchase price, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor and (ii) offering to sell such Items of Equipment to the Lessee upon the same terms and conditions as those set forth in such notice; and

(d) the Lessor shall not have received written notification from the Lessee within 20 days following receipt of such notice by the Lessee of its election to purchase such Items of Equipment upon such terms and conditions.

This right of first refusal shall expire after the Lessee's first failure or refusal to exercise its purchase rights under this Section 20.1.

20.2. Renewal Options. Provided that the Lessee is not in default hereunder, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of (i) the Series A Equipment then leased hereunder for one or more renewal terms of one (1) year each and/or (ii) the Equipment described in Schedule B hereto then leased hereunder for one or more renewal terms of two (2) years each and/or (iii) the Equipment described in Schedule C hereto then leased hereunder for one or more renewal terms of two (2) years each (such renewal terms being herein sometimes referred to as the "Renewal Terms"), upon and subject to the terms and conditions herein contained for the Primary Term of this Lease; provided that the semiannual Fixed Rental payable for and during each such Renewal Term shall, for each semiannual rental during such period, be an amount equal to the Fair Market Rental Value (as hereinafter defined) of such Items of Equipment. Each Renewal Term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 20.2.

(b) The Fair Market Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If on or before 60 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental Value of the Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third by the first two so selected. In each case all appointments shall be made not less than 40 days prior to the date of commencement of the renewal term elected by the Lessee. The Appraiser shall be instructed to make such determination within a period of 20 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. If the parties shall have appointed a single appraiser, his determination of value shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be shared equally by the Lessee and the Lessor.

20.3. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 20, all of such Items of Equipment shall be returned to the Lessor at the end of the Primary Term, or the then current Renewal Term, as the case may be, in accordance with Section 13 hereof.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States registered mails, first class postage prepaid, addressed as follows:

If to the Lessor: c/o Matrix Leasing International, Inc.
Bank of America Center
San Francisco, California 94104
Attention: President

with a copy to:

Cargill Leasing Corporation
Box 9300
Minneapolis, Minnesota 55440
Attention: Robert Lumpkins, Executive
Vice President

If to the Lessee: Grand Trunk Western Railroad Company
131 West Lafayette Boulevard
Detroit, Michigan 48226
Attention: Secretary

with a copy to:

Canadian National Railway Company
P. O. Box 8100
Montreal, Quebec, Canada H3C 3N4
Attention: Treasurer

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

21.2. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

21.3. Covenants, Representations and Warranties of Lessee. The Lessee covenants, represents and warrants, as of the date of execution of this Lease, that (i) the Lessee is a corporation duly incorporated and validly existing in good standing under the laws of the State of Michigan; (ii) the Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all jurisdictions in which such qualification is necessary to carry out the terms hereof and to operate its business to the extent currently operated; (iii) the Lessee is not materially in default under any indenture, agreement or other instrument for borrowed money to which it is a party; (iv) the Lessee is in substantial compliance with the applicable laws, rules and regulations of all governmental agencies or instrumentalities having jurisdiction over the Lessee or its business activities; (v) the Lessee is not a party to any agreement or instrument or subject to any

charter or other corporate restriction which will materially adversely affect its financial condition, business or operations or its ability to perform its obligations under this Lease; (vi) there are no pending or, to its knowledge threatened, actions or proceedings before any court or administrative agency with respect to the Lessee or any subsidiary of the Lessee which, if adversely decided, will materially adversely affect the condition, business or operations of the Lessee or its ability to perform its obligations under this Lease; (vii) the Lessee and its subsidiaries have filed or caused to be filed all federal and state tax returns which are required to be filed and have paid or caused to be paid all taxes shown to be due or payable on said returns or (except to the extent being contested in good faith with due diligence and for the payment of which adequate reserves have been provided) on any assessment received by the Lessee or any subsidiary, to the extent that such taxes have become due and payable; (viii) the consolidated balance sheet of the Lessee as of December 31, 1975, and the related consolidated statement of income and retained earnings for the year then ending (copies of which have been furnished the Lessor) correctly set forth the financial condition of the Lessee as of such date and the results of operations for the period covered thereby, and since December 31, 1975 there has been no material adverse change (or any development involving a prospective material adverse change) in such condition or operations and nothing has occurred which will materially adversely affect the Lessee's ability to carry on its business and operations or to perform its obligations under this Lease; and (ix) none of the Items of Equipment leased hereunder has been or will be placed in service prior to the First Delivery Date (as defined in the Conditional Sale Agreement).

21.4. Third Party Beneficiaries. All rights of the Lessor hereunder shall inure to the benefit of the Trustor and any of the Trustor's assigns under the Trust Agreement. Nothing in this Lease shall be deemed to create any right in any person not a party hereto other than the Trustor, the Manufacturers, the Assignee and the holders of Certificates of Interest under the Finance Agreement and their respective permitted successors and assigns and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

21.5. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

21.6. Effect and Modification of Lease. This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Equipment and supercedes all other agreements, oral or written, with respect thereto, except the Trust Agreement, the Operative Agreements referred to in the Trust Agreement and any other instrument referred to in the Trust Agreement or the Operative Agreements. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

21.7. Limitations of Liability. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that no liability or responsibility in their respective individual capacities is assumed by nor shall at any time be asserted or enforceable against Harold K. Criswell, Albert C. Welti or Robert F. Whitworth, Jr. or the Trustor or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, the Trustor on account of this Lease or on account of any representation, covenant, undertaking or agreement of the Lessor in this Lease contained, either expressed or implied, all such individual liability, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under the Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to the Equipment for satisfaction of the same.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed all as of the date first above written.

HAROLD K. CRISWELL, ALBERT C. WELTI
and ROBERT F. WHITWORTH, JR., as
Trustees under G.T.W. Trust No.
77-1

By



Trustee

LESSOR

GRAND TRUNK WESTERN RAILROAD COMPANY

By

Its


Vice-President - Finance

LESSEE

[Corporate Seal]

Attest:



Assistant Secretary

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

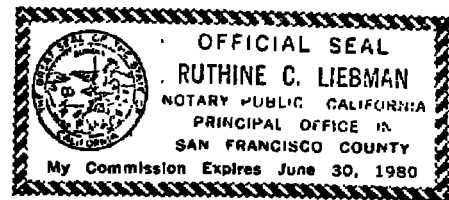
On this 17th day of March, 1977, before me personally appeared Albert C. Walli, to me known to be one of the persons described in and who executed the foregoing instrument, and he acknowledged that he executed the same as his true act and deed.



(Seal)

My Commission Expires: June 30, 1980

Ruthine C. Liebman
Notary Public



STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

On this 21st day of March, 1977, before me personally appeared J. C. Latta, to me personally known, who being by me duly sworn, says that he is Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

My Commission Expires:

J. Isabelle Montuono
Notary Public
J. ISABELLE MONTUONO
Notary Public, State of Mich.
Acting in Wayne County, Mich.
My Commission Expires 4-25-79

SCHEDULE A
(to Equipment Lease)

MANUFACTURER: Whitehead and Kales Company

PLANT OF MANUFACTURER: River Rouge, Michigan

DESCRIPTION OF EQUIPMENT: The 40 Tri-level Auto Racks shall bear Rack Numbers GTW 310000 through GTW 310039, both inclusive.

SPECIFICATIONS: Fully enclosed tri-level auto racks, Model LH-21, equipped with Whitehead and Kales radial end doors, 60 ratchets, 60 idler assemblies and 60 chain assemblies per car.

BASE PRICE: \$28,344

MAXIMUM PURCHASE PRICE: \$30,450 per item (\$1,218,000 for 40 items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: River Rouge, Michigan

ESTIMATED DELIVERY DATE: May, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank and Trust Company of Chicago

SCHEDULE B
(to Equipment Lease)

MANUFACTURER: ACF Industries, Incorporated

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 50 60-ft. Box Cars bearing Road
Numbers GTW 375550 to GTW
375599, both inclusive.

SPECIFICATIONS: 60'9" 100-ton cushioned under-
frame DF-1 interior equipment
16' double sliding door (as more
specifically described in ACF
No. 11-06643 dated February 11,
1977).

BASE PRICE: \$36,631

MAXIMUM PURCHASE PRICE: \$38,325 per Item (\$1,916,250
for 50 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

SCHEDULE C
(to Equipment Lease)_

MANUFACTURER: ACF Industries, Inc..

PLANT OF MANUFACTURER: St. Louis, Missouri

DESCRIPTION OF EQUIPMENT: 40 89'4" Flat Cars bearing Road Numbers GTW 310000 to GTW 310039, both inclusive.

SPECIFICATIONS: 89'4" 70-ton low-deck flat cars, equipped with 10-inch end-of-car cushioning (as more specifically described in ACF No. 11-04160 dated February 11, 1977)

BASE PRICE: \$30,900

MAXIMUM PURCHASE PRICE: \$32,550 per Item (\$1,302,000 for 40 Items)

DELIVER TO: Grand Trunk Western Railroad Company

PLACE OF DELIVERY: St. Louis, Missouri

ESTIMATED DELIVERY DATE: March, 1977

OUTSIDE DELIVERY DATE: June 30, 1977

Lessee: Grand Trunk Western Railroad Company

Assignee of Manufacturer: Continental Illinois National Bank
and Trust Company of Chicago

(G.T.W. Trust No. 77-1)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To: HAROLD K. CRISWELL, ALBERT C.
WELTI and ROBERT F. WHITWORTH,
JR., as Trustees under G.T.W.
Trust No. 77-1
("Trustees")

ACF INDUSTRIES, INCORPORATED or
WHITEHEAD AND KALES COMPANY, as applicable
("Manufacturer")

I, a duly appointed inspector and authorized representative of GRAND TRUNK WESTERN RAILROAD COMPANY ("Lessee") and of the above named Trustees, do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of the Lessee under the Equipment Lease dated as of February 1, 1977 among the Trustees and the Lessee, and on behalf of the Trustees under the Conditional Sale Agreement dated as of February 1, 1977 among ACF Industries, Incorporated, Whitehead and Kales Company and the Trustees, of the following Items of Equipment ("Equipment"):

Type of Equipment:

Manufacturer:

Place Accepted:

Date Accepted:

Number of Items:

Manufacturer's
Identification
Numbers:

I do further certify that the foregoing Equipment is in good order and condition, and conformed to the Specifications applicable thereto, and at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously

(G.T.W. Trust No. 77-1)

SCHEDULE D
(to Equipment Lease)

marked by a plate or stencil in contrasting color upon each side of each Item of Equipment the following legend in letters not less than one inch in height:

"Leased from Trustees under G.T.W. Trust No.
77-1, Vendee, and subject to a Security
Interest Held by Continental Illinois National
Bank and Trust Company of Chicago"

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer of the Equipment for warranties it has made with respect to the Equipment.

Inspector and Authorized
Representative of Lessee
and Trustees

GRAND TRUNK WESTERN RAILROAD COMPANY

SCHEDULE OF CASUALTY VALUE

SERIES A EQUIPMENT

The Casualty Value of an Item of Equipment payable on any Interim Rental or Fixed Rental payment date shall mean an amount equal to the per cent of the Purchase Price of such Item set forth opposite such payment date in the following schedule:

Interim Rental or Number of
Periodic Rental Payment Date
on which Casualty Value is
Paid (Payment in Addition
to Rent Payment)

Percentage of the
Purchase Price Payable
as Casualty Value

Interim Rental	106.4871
1	106.6112
2	106.3892
3	105.9067
4	105.1543
5	104.1776
6	96.2849
7	94.8500
8	93.1886
9	91.3357
10	82.6151
11	80.3896
12	77.9909
13	74.4371
14	64.0334
15	60.1613
16	56.1621
17	52.0347
18	47.7862
19	43.4130
20	38.9247
21	34.3306
22	29.6708
23	24.9507
24	20.0000

SCHEDULE E
(to Equipment Lease)

GRAND TRUNK WESTERN RAILROAD COMPANY

SCHEDULE OF CASUALTY VALUE

SERIES B EQUIPMENT

The Casualty Value of an Item of Equipment payable on any Interim Rental or Fixed Rental payment date shall mean an amount equal to the per cent of the Purchase Price of such Item set forth opposite such payment date in the following schedule:

Interim Rental or Number of
Periodic Rental Payment Date
on which Casualty Value is
Paid (Payment in Addition
to Rent Payment)

Percentage of the
Purchase Price Payable
as Casualty Value

Interim Rental	104.9328
1	106.6087
2	108.0094
3	109.2039
4	110.1613
5	110.9306
6	104.8091
7	105.1750
8	105.3311
9	105.3178
10	98.4433
11	98.0775
12	97.5366
13	96.8947
14	89.5138
15	88.7378
16	87.8974
17	87.0013
18	86.0490
19	85.0474
20	83.9976
21	82.9053
22	81.7731
23	80.6051
24	79.4058
25	77.4850
26	75.5214
27	73.5128
28	71.4650
29	69.3721

SCHEDULE F
(to Equipment Lease)

Interim Rental or Number of
Periodic Rental Payment Date
on which Casualty Value is
Paid (Payment in Addition
to Rent Payment)

Percentage of the
Purchase Price Payable
as Casualty Value

30	67.2381
31	65.0565
32	62.8316
33	60.5567
34	58.2361
35	55.8628
36	53.4413
37	50.9641
38	48.4361
39	45.8494
40	43.2090
41	40.5065
42	37.7499
43	34.9380
44	32.0779
45	29.1613
46	26.1952
47	23.5566
48	20.0000